

Message Text

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ACTION EB-07

INFO OCT-01 AF-08 ARA-10 EUR-12 EA-09 IO-13 ISO-00 SSO-00

NSCE-00 USIE-00 INRE-00 SP-02 AID-05 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-02

PRS-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04

OPIC-06 LAB-04 SIL-01 INT-05 OIC-02 /133 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 1267

AMEMBASSY LA PAZ IMMEDIATE

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAGOS

USMISSION USUN NEW YORK

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TAGS: EMI/N, ETRD

SUBJECT: BOLIVIAN INTENTIONS TOWARD 5TH INTERNATIONAL
TIN AGREEMENT

REF: LA PAZ 33U8

1. QUOTED IN FULL BELOW IS TEXT OF AN ITEM,
BY JOHN EDWARDS, COMMODITIES EDITOR, WHICH APPEARED
IN APRIL 30 EDITION OF THE FINANCIAL TIMES CONCERNING
BOLIVIA AND THE INTERNATIONAL TIN AGREEMENT.
QUOTE 'SIGN TIN PACK" CALL TO BOLIVIA -- A SPECIAL
DELEGATION FROM THE INTERNATIONAL TIN COUNCIL HAS GONE
TO LA PAZ IN AN EFFORT TO PERSUADE BOLIVIA TO CHANGE
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ITS MIND ABOUT NOT SIGNING THE NEW TIN AGREEMENT,

IT WAS CONFIRMED YESTERDAY. AS A RESULT, BECAUSE OF PROBLEMS OF RETURNING IN TIME THE SPECIAL MEETING OF THE TIN COUNCIL NEXT WEEK CALLED TO CONSIDER RELAXING EXPORT CONTROLS AND POSSIBLY RAISING PRICE RANGES, HAS BEEN DELAYED FROM TUESDAY AFTERNOON UNTIL WEDNESDAY MORNING.

"THE DELEGATION, LED BY MR. HAROLD ALLEN, EXECUTIVE CHAIRMAN OF THE TIN COUNCIL, INCLUDES THE TWO VICE-CHAIRMEN AND A MALAYSIAN REPRESENTATIVE.

"IT APPEARS, THEREFORE, THAT THERE IS TO BE INTENSE PRESSURE ON BOLIVIA TO REVERSE ITS DECISION NOT TO SIGN THE NEW TIN AGREEMENT, DUE TO REPLACE THE PRESENT PACT WHICH EXPIRES ON JUNE 30. THE DELEGATION IS EXPECTED TO SEE PRESIDENT HUGO BANZER OF BOLIVIA WHO WAS DUE TO GIVE MORE DETAILS TO-DAY OF BOLIVIA'S INTENDED WITHDRAWAL WHICH WOULD EFFECTIVELY WRECK THE NEW AGREEMENT. BOLIVIA IS THE WORLD'S SECOND LARGEST TIN PRODUCER.

"ALTHOUGH THE DEADLINE FOR SIGNATURE TO THE NEW AGREEMENT EXPIRES TO-DAY THERE IS LITTLE DOUBT A FORMULA COULD BE FOUND FOR BOLIVIA TO JOIN, PROBABLY BY NOTIFYING ITS INTENTION TO ACCEDE. MALAYSIA AND THAILAND, AS WELL AS NIGERIA AND AUSTRALIA, HAVE ALREADY DEFINITELY SIGNED THE AGREEMENT, AND THERE IS EVERY INDICATION THAT BOLIVIA WOULD BE THE "ODD MAN OUT" AMONG PRODUCERS IF IT PERSISTED IN OPTING OUT. CONSUMER NATIONS WHO HAVE SIGNED SO FAR INCLUDE THE U.S., SOVIET UNION, JAPAN, BRITIAN AND OTHER EEC COUNTRIES.

"SO FAR, BOLIVIA HAS SAID ITS REASON FOR NOT JOINING IS BECAUSE PRESENT PRICE RANGES ARE NOT HIGH ENOUGH TO MATCH THE RISE IN ITS PRODUCTION COSTS. BUT IT IS ALSO BEING SUGGESTED THAT BOLIVIA IS UNHAPPY ABOUT OTHER PROVISIONS OF THE NEW AGREEMENT, NOTABLY THE VOTING STRUCTURE WHICH PRODUCERS CLAIM FAVOURS CONSUMERS.

"IT REMAINS TO BE SEEN HOW SUCCESSFUL THE DELEGATION WILL BE IN PERSUADING BOLIVIA THAT ITS INTERESTS ARE BETTER SERVED BY REMAINING WITHIN THE AGREEMENT.

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"THE RESULT OF THE TALKS COULD HAVE A CRUCIAL EFFECT ON THE SPECIAL TIN COUNCIL MEETING IN LONDON NEXT WEEK WHERE CONSUMERS ARE EXPECTED TO PRESS FOR THE RELAXATION OF EXPORT CONTROLS TO HELP EASE PRICES, WHICH PRODUCERS ARE LIKELY TO COUNTER WITH A DEMAND FOR PRICE RANGES TO BE RAISED.

"ON THE LONDON METAL EXCHANGE YESTERDAY, TIN PRICES EASED AGAIN FOLLOWING FURTHER HEAVY SELLING,

BELIEVED TO BE ON BEHALF OF THE BUFFER STOCK, AND
REFLECTING THE GENERAL DECLINE IN OTHER METALS.
BUT THE FALL OF 25 OUNDS TO 3,82.5 POUNDS A TONNE
WAS CONSIDERED TO BE MODEST IN THE CIRCUMSTANCES.
UNQUOTE.

ARMSTRONG

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